

Roy, Lauren

From: Blanch, Belinda on behalf of Adjudication
Sent: Friday, 18 April 2008 11:58 AM
To: Chisholm, Shane; Roy, Lauren
Subject: FW: Submission - against eBay/PayPal proposal [SEC=UNCLASSIFIED]

Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

**EXCLUDED FROM
PUBLIC REGISTER**

-----Original Message-----

From: Maxma Valutech [mailto:]
Sent: Friday, 18 April 2008 10:39 AM
To: Adjudication
Subject: Submission - against eBay/PayPal proposal

Maxma Valutech - sole trader - ABN 37843149371 NSW BN98071042

PUBLIC REGISTER

Precis: Maxma Valutech has been a seller/buyer on eBay for over 4years. Sales currently are mainly of Notebook Computers in price range \$500/1500. Purchases both locally and overseas are mainly for computer parts or similar and price range \$10/200 Sales turnover last financial year \$120K. Payments to eBay \$3K PayPal \$200 approx. eBay received 2.5% of our total turnover PayPal was nominal only. Maxma Valutech has eBay feedback level of over 600 with all positive during past 12 months - buyers have no difficulty in assessing Maxma Valutech as a highly respected seller online. Most buyers have no hesitation in completing their purchases by payment direct to our Comm Bank account - this assures them of speedy receipt of their relatively expensive purchased item. Scam attempts would not exceed 1 in 100 and are easily recognised. We do NOT consider PayPal payments to be safer for us as a seller in fact the opposite, however, we do concede that they offer a buyer some protection but only after lengthy time interval during which investigation is SAID to be taking place.

Regarding eBay submission to ACCC for restrictive and exclusive use of PayPal as virtually the only financial settlement medium for transactions on eBay (and over which eBay claim they have no control) we comment:-

1.21 we note the word "may" re security checks, and "some instances" re verification

1.24 we note the words "power to reverse transactions" but also note this would apply only to funds (buyer) not goods (seller) as PayPal would have control of the funds whereas the buyer may well have control of the goods to the detriment of the seller.

1.31 "Buyer Protection Program" this is a red herring - credit cards have reversal procedures, banks have traceability, and eBay could well have a protection program by rating and guaranteeing its well known, verified, and long term sellers

2.2 "problems" re bank/credit card details are not endemic to online - these details pass through many hand every time a cheque is issued or a credit card is used either directly or by phone - problems as such are very few (this writer was in banking for 40 years)

2.3 "churn" this is the real reason for the submission by eBay - trying to hold customers - if they vetted their sellers properly and added some guarantees for buyers then they would achieve this without a restrictive trade practice

3.1 Trade Practices Act - lessening competition, this would certainly occur - we are sure the Banks will have something to say re this.

4.4 NERA report = a load of rubbish, eBay has a "market share" in a very restricted market that is well in excess of all other similar online services combined - it is a virtual monopoly !!

4.5 NERA conclusion = pure tommyrot and laughable - not worthy of further comment

5.5 "bad buyer experience" this is not borne out by surveys - see Australian OnLine

Retail Monitor Figs 3.2 and 3.5 as commented on hereunder.

Fig 3.2 Dont Trust Online Payments - last on list of concerns and low in rating Fig 3.5 Paid Items Never Delivered - mid range on graph, poor investigation by buyers (they only have to check phone books or white pages to see if seller exists there at least)

Fraud and Identity Theft = lowest on list of concerns, do not rate

General - eBay has a monopoly in reality for online listing facilities, its fee structure does not assist the proven and genuine seller over the casual ones or unproven new comers, its verification procedures (for what they are) do not assist the buyer to make an informed decision - no guarantees are given, eBay if not involved in any transaction other than as a platform has no right to dictate settlement terms - however if it does so it becomes an agent to the transaction and should obey laws relating to that service including payment of GST to our ATO.

PayPal has no monopoly, in comparison with credit cards its fee structure is reasonable, it does provide a worthwhile service at times (overseas transactions certainly), BUT it is slow to transfer funds back to a bank account but faster at taking them out (overnight money market considerations ??), when funds are direct credited to our bank a/c we have control of them and it is our responsibility to complete the transaction by sending the goods and meeting the description given - in this regard the public (buyers) have protection under Depts of Fair Trading etc, but when funds are paid to PayPal our control is lost and uncertainty can prevail for weeks if not months. We have had just as many SCAMS attempted via PayPal (eg stolen credit cards) as we have had directly via eBay.

If this eBay submission for exemption is allowed all sellers will have to increase their prices to absorb the extra fees to be charged - this will erode the buyers so called savings from online purchasing as set ot in the submission. The submission itself is not professional and does not contain the substance, nor make the case, for the ACCC to favourably consider.

Max Fenton prop: Maxma Valutech 18.04.2008